

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLIA
DOCKET NO. 2018-364

Stephen and Beverly Noller and)
Michael and Nancy Halwig,)
 Complainants,)
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)
Daufuskie Island Utility Co., Inc.,)
 Respondent.)

DIRECT TESTIMONY OF
BEVERLY NOLLER
ON BEHALF OF COMPLAINANTS

Q. PLEASE STATE YOUR NAME, ADDRESS AND YOUR INTEREST IN THIS MATTER.

A. My name is Beverly Noller and my address is 6045 Forsyth Road, Macon, Georgia 31210. My interest in this case is that I own 36 Driftwood Cottage Lane with my husband, and am a Complainant in this matter.

Q. PLEASE DESCRIBE THE REASON OR REASONS YOU BROUGHT THIS COMPLAINT TO THE PUBLIC SERVICE COMMISSION.

A. The Daufuskie Island Utility Company, Inc. (DIUC) refused to take any action to repair or replace its water and sewer mains that Hurricane Matthew damaged in October 2016, and instead stated that any replacement facilities would have to be installed and paid for by its customers in the part of Driftwood Cottage Lane that was cut off from the remainder of it. Only two families have built houses on the lots above where the damage occurred, my family and the Noller Family. These mains served all of the lots on Driftwood Cottage Lane, not just the two houses that were built when the storm came in 2016. Our home is behind a bulkhead on the ocean and had relatively minor damage from the storm, and no significant loss of electrical service. Other houses on Driftwood Cottage Lane not protected by a bulkhead were severely damaged and had been abandoned pending a beach renourishment project for which the Melrose Property Owners Association has received a permit from the Department of Health and Environmental Control.

The loss of water and sewer service has caused the loss of use of our home on Driftwood Cottage Lane for over two years and caused other personal damages. The response of DIUC to our questions about when it would restore service was that they would not be responsible for restoring service, and that we, as its customers, were responsible for installing the means by which it could provide water and sewer service to our home. A letter dated December 10, 2015 was the first indication of this position by DIUC. After Hurricane Matthew in 2016, DIUC reiterated its position. While DIUC never provided a draft agreement over this matter until January 2018, it did provide a recommendation that we hire a certain engineer and a certain construction company to perform the work. We did not know at the time that the construction company referred to us was owned by an owner of DIUC, Mr. Terry Lee of Lee Contracting Company. We received his bid in August 2017. We decided that the bid from Mr. Lee was quite high, \$133,255.88, and got a second bid, from Pinholster Construction at \$65,349, which was lower and which we accepted in November 2017.

The statement that we routinely heard from DIUC was "Daufuskie Island Utility Company will continue providing service to all customers as originally designed and in accordance with all regulatory requirements". While this statement was repeated several times, it was clearly untrue because after Hurricane Matthew DIUC did not make an effort to restore service or to substantially assist us in what we were told we would be required to do to regain water and sewer service for our home. In fact, DIUC also dismantled the grinder equipment on

Driftwood Cottage Lane after the hurricane, making it impossible to restore service until it was replaced. The replacement they approved was for each customer to have a grinder installed on their own property at our expense.

While trying to re-establish water and sewer service to our home so that it could be used again, we were also struggling with the Melrose Resort to achieve an alternate access since Driftwood Cottage lane was not going to be rebuilt by the Melrose Property Owner's Association. We sought to include the replacement mains in the same location with the Resort. We did receive cooperation from the Resort owner but the Resort went into bankruptcy in 2017 and the new owner, its former lender, stopped the work we were engaged in at the end of 2017 because not all of the documentation it would require was in place to cross the golf course with the water and sewer mains. We had signed the final contract and paid the money to install the mains into an escrow account with the contractor in November of 2017, and had most of the work, except for the actual crossing of the golf course, completed when, in early December, the new Melrose Resort owner's attorney required us to stop work pending resolution of its requirements.

We had previously provided to DIUC a draft letter to use in approaching the Resort to ask for the easement crossing the course for the water and sewer mains which ultimately would be owned by DIUC. We have never seen any evidence that DIUC used that letter or otherwise communicated in writing with the Resort owner to acquire the easement. We had no recourse, other than to abandon our beach home, to then also engage with the Resort's new owner and finally achieve a written easement and satisfy their other requirements for the new DIUC mains to cross the golf course. This was done and the work was finally completed in August of 2018.

Once the replacement facilities were installed and the engineer had signed off on it as complete, we requested DIUC to turn on the water at least temporarily so that we could determine if there were any leaks or other problems from the return of water service after not having water service for almost two years. Instead of turning on the water, the DIUC outside counsel provided an "Agreement Addendum" that required, among other things, that we pay the expected federal tax on the cost of the installation that we had paid for the DIUC mains replacement, and that we give up any right to make any complaint or claim against DIUC concerning this matter. We refused to agree to those terms and brought this Complaint to the Commission.

I refer to and incorporate herein my exhibits as Complainants' Exhibits filed with my discovery responses and attached hereto.

Q. What relief do you seek in this Complaint?

I believe DIUC should be responsible for replacing its mains and equipment damaged by Hurricane Matthew and not impose this on only the customers affected by its equipment loss. The DIUC agreement we were presented with,

after hiring the engineer and contractor, obtaining an easement on the golf course in its favor, and substantially beginning the replacement work, was the only alternative to abandoning our beachfront home, which is not an alternative. With no other choice and after losing over fifteen (15) months of personal use and rental income, we had to agree to it. The agreement does not contemplate, in our understanding of it when forced to accept it, any costs for us but the "cost of installation" as stated in the agreement. The demand for attorney's fees and for the expected federal tax on the cost of installation is not within the agreement. The Public Service Commission should allow reserves or contingencies for equipment damage or some amount of insurance, like any for profit business would have, for its regulated utilities. The Commission should require DIUC to cover the cost of the replacement equipment and not require payment of the attorney's fees or expected tax

Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?

A. Yes, it does.

Q. THANK YOU.

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COMPLAINANTS' EXHIBITS LIST
(Corrected)

<u>EXHIBIT:</u>	<u>DESCRIPTION:</u>	<u>BATES NUMBER:</u>
1.	Email to J. Rene Josey from Ken Crow dated 10/27/15	Complainants 00001-00006
2.	Email to J. Rene Josey from Ken Crow dated 10/28/15	Complainants 00007
3.	Email to Mike and Nancy Halwig from J. Rene Josey dated 11/2/15	Complainants 00008-00009
4.	Email to J. Rene Josey from Mike Halwig dated 11/04/15	Complainants 00010-00012
5.	Email to J. Rene Josey from Ken Crow dated 11/04/15	Complainants 00013-00014
6.	Email to Ken Crow from J. Rene Josey dated 11/09/15	Complainants 00015
7.	Email to J. Rene Josey from Ken Crow dated 11/09/15	Complainants 00016
8.	Email with attached letter to Michael Guastella from J. Rene Josey dated 11/10/15	Complainants 00017-00018
9.	Permit for beach renourishment	Complainants 00019-00034
10.	Letter from Michael Guastella to J. Rene Josey dated 12/10/15	Complainants 00035

11.	Email to J. Rene Josey from Ken Crow dated 12/23/15	Complainants 00036-00039
12.	Letter to Michael Halwig from Eddie Boys dated 01/13/16	Complainants 00040
13.	Email to J. Rene Josey from Ken Crow dated 01/15/16	Complainants 00041
14.	Email to J. Rene Josey from Ken Crow dated 01/15/16	Complainants 00042
15.	Letter to Dr. Michael Halwig and others from John Thompson dated 01/25/16	Complainants 00043-00044
16.	Email to J. Rene Josey from Ken Crow dated 01/25/16	Complainants 00045-00046
17.	Letter to Ken Crow and John A. Thompson from J. Rene Josey dated 02/02/16	Complainants 00047-00048
18.	Email to J. Rene Josey from Ken Crow dated 03/04/16	Complainants 00049
19.	Email to J. Rene Josey from Michael Halwig dated 10/13/2016	Complainants 00050
20.	Consumer Complaint/Inquiry Form of John Michael Halwig	Complainants 00051
21.	Email to representative of Pelorus (then resort owner) and Ken Crow from Michael Halwig dated 11/28/16	Complainants 00052
22.	Letter to Dr. John Halwig from Chad Campbell dated 12/02/16	Complainants 00053-00054
23.	Email to Michael Guastella from Michael Halwig dated 12/13/16	Complainants 00055-00057
24.	Letter to Michael Guastella from J. Rene Josey dated 12/20/16	Complainants 00058
25.	Email (dated 01/04/17) with attached (dated 01/03/17) letter to JT Bramlette from Beverly Noller	Complainants 00059-00060
26.	Email to Michael Guastella from J. Rene Josey dated 01/05/17	Complainants 00061-00062
27.	Email (dated 01/09/17) to J. Rene Josey from Michael Guastella with attached letters (dated 01/09/17 and 12/10/15)	Complainants 00063-00065
28.	Email to Michael Halwig from Michael Halwig with copies to J. Rene Josey and Beverly Noller	Complainants 00066-00068
29.	Email to J. Rene Josey from Michael Halwig	Complainants 00069-00070
30.	Email with attached letter to Michael Guastella from J. Rene Josey dated 01/11/17	Complainants 00071-00073
31.	Email to Chad Campbell from Michael Halwig dated 01/18/17	Complainants 00074-00084
32.	Letter to J. Rene Posey from Michael Guastella dated 01/27/17	Complainants 00085-00086

33.	Letter to Fred Sororian from Michael Guastella dated 04/25/17	Complainants 00087
34.	Proposal for Water and Sewer Relocation to the Halwigs from Terry Lee Contracting Company Inc.	Complainants 00088-00089
35.	Letter to Michael Halwig from L. Devay Dandy with DHEC dated 09/05/17	Complainants 00090-00091
36.	Email to Scott Pinholster from Fred Sororian dated 12/08/17	Complainants 00092-00093
37.	Email to J. Rene Josey from Robin Stanton dated 12/08/17	Complainants 00094
38.	Contract and escrow agreement for utility installation	Complainants 00095-00106
39.	Email to Michael Halwig, Nancy Halwig and J. Rene Josey from Robin Stanton dated 12/08/17	Complainants 00107-00109
40.	Email to Robin Stanton from Scott Pinholster dated 12/14/17	Complainants 00110-00113
41.	Email to Robin Stanton and Nancy Halwig from Fred Sororian dated 12/15/17	Complainants 00114-00118
42.	General Permit issued to Michael Halwig dated 07/06/18	Complainants 00119-00130
43.	Letter from Michael Guastella to Fred Sororian dated 08/22/18	Complainants 00131
44.	Letter from Michael Guastella to Fred Sororian dated 08/22/18	Complainants 00132
45.	Invoice from PINCO to Halwigs and Nollers for final payment dated 08/28/18	Complainants 00133-00134
46.	Engineer's Certification dated 08/30/18	Complainants 00135
47.	Notice of Final Acceptance dated 09/28/18	Complainants 00136
48.	Easement dated 10/26/18	Complainants 00137-00147
49.	Email to Jack Smith from Thomas Gressette, Jr. attaching Agreement Addendum dated 10/29/18	Complainants 00148-00182
50.	Letter to Thomas Gressette from Jack Smith dated 10/31/18	Complainants 00183-00184
51.	Letter to Jocelyn G. Boyd, Esquire from Andrew M. Bateman dated 12/21/18	Complainants 00185
52.	Letter to Jack Smith and Andrew Bateman from Thomas Gressette, Jr. dated 12/26/18	Complainants 00186

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CERTIFICATE OF SERVICE

I hereby certify that on January 23, 2019, I caused to be served a copy of the Direct Testimony of Beverly Noller with corrected Complainants' Exhibit List upon:

Public Service Commission of South Carolina
Attn: Clerk's Office
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

Andrew Bateman, Esq.
Jeffrey M. Nelson, Esq.
Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, South Carolina 29201
Counsel for ORS

Thomas P. Gressette, Jr., Esq.
Walker Gressette Freeman & Linton, LLC
Post Office Box 22167
Charleston, SC 29413

January 23, 2019.

/s/ Newman Jackson Smith

Newman Jackson Smith
NELSON MULLINS